

Condensed Balance Sheets and Income Statements

Cincinnati Financial Corporation and Subsidiaries

(Dollars in millions)

| | At December 31, | |
|--|------------------|------------------|
| | 2006 | 2005 |
| Assets | | |
| Investments | \$ 13,759 | \$ 12,702 |
| Cash and cash equivalents | 202 | 119 |
| Premiums receivable | 1,128 | 1,116 |
| Reinsurance receivable | 683 | 681 |
| Other assets | 1,450 | 1,385 |
| Total assets | <u>\$ 17,222</u> | <u>\$ 16,003</u> |
| Liabilities | | |
| Insurance reserves | \$ 5,305 | \$ 5,004 |
| Unearned premiums | 1,579 | 1,559 |
| Deferred income tax | 1,653 | 1,622 |
| 6.125% senior notes due 2034 | 371 | 371 |
| 6.9% senior debentures due 2028 | 28 | 28 |
| 6.92% senior debentures due 2028 | 392 | 392 |
| Other liabilities | 1,086 | 941 |
| Total liabilities | <u>10,414</u> | <u>9,917</u> |
| Shareholders' Equity | | |
| Common stock and paid-in capital | 1,406 | 1,358 |
| Retained earnings | 2,786 | 2,088 |
| Accumulated other comprehensive income | 3,379 | 3,284 |
| Treasury stock | (763) | (644) |
| Total shareholders' equity | <u>6,808</u> | <u>6,086</u> |
| Total liabilities and shareholders' equity | <u>\$ 17,222</u> | <u>\$ 16,003</u> |

(Dollars in millions except per share data)

| | Years ended December 31, | | |
|--|--------------------------|---------------|---------------|
| | 2006 | 2005 | 2004 |
| Revenues | | | |
| Earned premiums | \$ 3,278 | \$ 3,164 | \$ 3,020 |
| Investment income, net of expenses | 570 | 526 | 492 |
| Realized investment gains and losses | 684 | 61 | 91 |
| Other income | 18 | 16 | 11 |
| Total revenues | <u>4,550</u> | <u>3,767</u> | <u>3,614</u> |
| Benefits and Expenses | | | |
| Insurance losses and policyholder benefits | 2,128 | 1,911 | 1,846 |
| Commissions | 630 | 627 | 615 |
| Other operating expenses | 463 | 406 | 353 |
| Total benefits and expenses | <u>3,221</u> | <u>2,944</u> | <u>2,814</u> |
| Income Before Income Taxes | 1,329 | 823 | 800 |
| Provision for Income Taxes | 399 | 221 | 216 |
| Net Income | <u>\$ 930</u> | <u>\$ 602</u> | <u>\$ 584</u> |
| Per Common Share | | | |
| Net income—basic | \$ 5.36 | \$ 3.44 | \$ 3.30 |
| Net income—diluted | \$ 5.30 | \$ 3.40 | \$ 3.28 |

2006: The company sold its holdings in Alltel common stock. The sale contributed \$647 million (pretax) to realized investment gains and revenues and \$412 million (after tax), or \$2.35 per share, to net income.